our useful public and private enterprises were arrested, and thousands of laborers were deprived of employment and reduced to want. Universal distress prevailed among the commercial, manufactering and mechanical classes. This revulsion was felt the more severely in the United States because similar causes had produced the like depiorable effects throughout the commercial nations of enrope. All were experiencing sad reverses at the same moment. Our manufacturers everywhere suffered severely, not because of the recent reduction in the tariff of duties on imports, but because there was no demand at any price for their productions. The people were obliged to restrict themselves in their purchases to articles of prime necessity. In the general prostration of business the ron manufacturers in different States probably suffered more than any other class, and much destination was the inevitable consequence among the great number of workmen who had been employed in this useful branch of our industry. There could be no supply where there was no demand. To present an example, there could be no demand for railroad iron after our magnificent system of railroads, extending its benefits to every portion of the Union, had been brought to a dead pause. The same consequences have resulted from similar causes to many other branches of useful manufactures. It is self-evident that where there is no ability to purchase manufactured articles, these cannot be sold, and consequently must cease to be produced.

No government, and especially a government of such limited powers as that of the United States, could have prevented the late revulsion. The whole commercial world seemed for years to have been rushing to this catastrophe. The same ruinous consequences would have foreign imports had remained as they were under the tartif of 1846, or had been raised to a much higher standard. The tartif of 1867 had no agency in the result. The general causes existing throughout the world could not have been controlled by the legislation of any par

The general causes existing throughout the world could not have been controlled by the legislation of any particular country.

The per stical revulsions which have existed in our past history must continue to return at intervals so long as our present unbounded system of bank credits shall prevail. They will, however, probably be the less severe in future, because it is not to be expected, at least for many years to come, that the commercial nations of Europe, with whose interests our own are so materially involved, will expose themselves to similar calamities. But this subject was treated so much at large in my last an must message that I shall not now pursue it further. Still I respectfully renew the recommendation in favor of the passage of a uniform bankrapt law applicable to banking institutions. This is all the direct power over the subject which, I believe, the federal government possesses. Such a law would mitigate, though it might not prevent the evil. The instinct of self-preservation might produce a wholesome restraint upon their banking business, if they knew, in advance, that a suspension of specie payments would inevitably produce their evil death.

But the effects of the revursion are now slowly but surely passing away. The energy and enterprise of our citi beast, with our anbounded resources, will, within the period of another year, restore a state of wholesome adustry and trade. Capital has again accumulated in our large cities. The rate of interest is there very low. Confidence is gradually reviving, and so soon as it is discovered that this capital can be prefitably employed in commercial and manufacturing enterprises, and in the construction of railroads and other works of public and private improvement, prosperity will again simic throughout the land. It is vain, however, to disguise the fact from ourselves, that a speculative inflation in our currency, without a corresponding inflation in other countries whose manufactures come into competition with our own, must ever produce disastrous re

quences. 115.8 TAL CONDITION OF THE UNITED STATES.

judgment, will give such weight as they may justly deserve.

RECEITE AND ESPENSES OF THE OPERINGENT.

The report of the Secretary of the Treasury will explain in detail the operations of that department of the government. The receipts into the Treasury from all sources during the fiscal year ending 50th June, 1858, including the fiscal year ending 50th June, 1858, including the treasury notes authorized by the act of becomber 28, 1857, were seventy million two hundred and seventy-three thousand eaght hundred and sixty-sine collars and fifty nine cents (\$70,276,809.59), which amount, with the balance of seventicen million seven hundred and tenthousand one hundred and fortiered dollars and twenty-seven cents (\$17,710,114.27) remaining in the treasury at the commencement of the year, made an aggregate for the service of the year of eighty-seven million nune hundred and eighty three dollars and eighty-sevent (\$87,185,183.89.)

The public expenditures during the fiscal year ending June 20, 1868, amounted to eighty-one million law hundred and eighty three thousand six hundred and eighty three thousand six hundred and eighty three thousand six hundred and eighty with the seventy six cents (\$85,185,607.76) of which nine million seventy six cents (\$1,856,607.76) of which nine million seventy six cents (\$1,

The receipts into the trassery, during the first quarter of the present fiscal year, commencing the last July, 1868, including one half of the lean of twenty millions of delibers, with the premium upon it, authorized by the act of 14th June, 1888, were twenty-five million two hundred and thirty thousand eight hundred and seventy-missed oilars and forty six cents, (\$25,250,879-46, and the estimated receipts for the remaining three quarters to the 30th June, 1889, from ordinary sources, are firsty-eight million five hundred thousand dollars, (\$38,500,000.) making with the balance before estated, an aggregate of seventy million one hundred and twenty-nine thousand one hundred and minety-axis to the present fixed year were fiventy-one million seven hundred and eight thousand one hundred and ninety-eight dollars and fifty-one cents, (\$21,708,198,51); of which one million and len thousand one hundred and forty two dollars and thirty-even cents (\$1,010,142,37) were applied to the payment of the public cells and the redemption of treasury potes and the interest thereon. The estimated expenditures, during the remaining three quarters to 35th June, 1859, are fifty-two million three hundred and fifty-seven thousand ask hundred and ninety-eight cents. ) into the tressury, during the first quarter

soft June, 1859, are fifty-two million three hundred and fifty-seven thousand six hundred and minety-eight dollars and forty-eight cents (\$52,307,698 48), making an agregate of seventy-four million sixty-five thousand eight bundred and ninety-six dollars and hinety-nine cents (\$74,465,599 59), being an excess of expenditure, beyond the estimated receipts into the treasury from ordinary sources, during the fiscal year to the 30th June, 1869, of three milion aims hundred and thirty-six thousand seven hundred and one dollars and forty-three cents (\$5,006,509 50) 43). Estraordinary means are placed by low wants the command of the Secretary of the Treasury, by the to save of treasury notes redeemed, and by negotiating the balance of the loan authorized by the act of 14th June, 1858, to the extent of eleven millions of dollars, which, if realized during the present fiscal year, will leave a balance in the treasury, on the first day of July, 1869, of seven million sixty-three thousand two hundred and ninety-eight dollars and fifty-seven cents (\$7,003,208 57).

SOURARED BUNCETS AND EXPENSES FOR 1860.

The estimated receipts during the next fiscal year end-

CONSTRUCTION DESCRIPE AND EXPENSES FOR 1860.

The estimated receipts during the next fiscal year ending 50th June, 1860, are sixty-two millions of dollars (52,000,000), which, with the above estimated balance of seven million sixty-three thousand two hundred and most eight dollars and fifty seven cents (\$7,063,278 57), make an aggregate for the service of the next fiscal year of sixty-time million sixty-three thousand two hundred and interly-eight dollars and fifty-seven cents (\$90,083, 298 57). The estimated expenditures doring the next fiscal year ending 50th June, 1860, are seventy-three million one hundred and threty-nine thousand one hundred and forty-seven dollars and forty-six cents (\$75,139,147 46), which leave a deficit of estimated means, compared with the sal mated expenditures for that year, commercing on

which leave a deficit of estimated means, compared with the estimated expenditures for that year, commencing on the 1st of July 1890, of fine million sevents due thou and eight hundred and forty-eight dollars and eighty-nine ceets (\$4,675,848.90).

In addition to this sum, the Postmater General will the report from the treasury, for the service of the Post of the Result sput them, three million eight hundred and there service is the treasury, which will increase the extracted of the Treasury, which will increase the extracted the treasure to the dual June, 1860, to seven million and extracted the contract of the Secretary of the Treasury, which will increase the extracted extracted the treasure and together the service of the Secretary of the Secretary of the Secretary of the Secretary of the Treasury, which will increase the extracted extracted the treasure and together the service of the Secretary of the Secretary of the Secretary of the Secretary of the Treasury of the Secretary of the Secretary of the Treasury of the Secretary of the Secret

in his report—that the public debt should not be in creased by an additional loan, and would therefore strongly urge upon Congress the duty of making, at their present session, the necessary provision for meeting these liabilities.

The public debt on the lat of July, 1858—the commencement of the present isoal year—was \$55,155,977-66.

During the first quarter of the present year, the sum of \$10,000.000 has been negotiated of the loan authorized by the net of lath of June, 1858—making the present outstanding public debt, exclusive of treasury notes, \$45,155,977-66. There was on the lat of July, 1858 of irrasury notes issued by authority of the act of December 23, 1857, unredeemed, the sum of \$19,764,800—making the amount of actual indebtedness, at that date, \$64,910,777-66. To this will be addeed \$10,000,000 during the present fiscal year—this being the remaining half of the loan of \$20,000,000 not yet negotiated.

The rapid increase of the public debt, and the necessity which exists for a medication of the tariff, to meet even the ordinary expenses of the government, ought to admonish us all, in our respective spheres of duty, to the practice of rigid economy. The objects of expenditure should be limited in number, as far as this may be practicable, and the appropriations necessary to carry them into effect ought to be disbursed under the strictest accountability. Fallightened economy does not consist in the refusal to appropriate money for constitutional purposes, essential to the defence, progress and prosperity of the republic, but in taking care that none of this money shall be wasted by mismanagement, in its application to the objects designated by law.

Comparisons between the annual expenditure at the present time, and what it was ten or vently years ago, are altogether failacious. The rapid increase of our country in extent and population, renders a corresponding increase of expenditure, to some extent, unavoidable. This is constantly creating new objects of expenditure, and any interesting the amount

contained consistent on with our court and every consequences.

If a contract of abouther probabilistics, can prevent these evit consequences.

If contracted constitution of the ENTRO STATES.

If contracted the smooth of imports from foreisn constructs of the contract of the contrac

These recommendations deserve the grave consideration of Congress.

If the proper random.

I would again call your attention to the construction of a Pacific railroad. Time and reflection have but served to confirm me in the truth and justice of the observations which I made on this subject in my last annual message, to which I beg leave respectfully to refer.

It is freely admitted that it would be convenient for this government to exercise the power of constructing the feedbe railroad by its own immediate agents. Such a policy would increase the patronage of the executive to a dangerous extent, and introduce a system of jobbing and corruption which no vigilance on the part of federal officials could either prevent or detect. This can only be done by the keen ege, and active and careful supervision, of individual and private interest. The construction of this road ought, therefore, to be committed to companies incorporated by the States, or other agencies whose permitry interests would be directly involved. Congress might then assist them in the work by grants of land or of money, or both, under such conditions and restrictions as would secure the trusportance of troops and nonthions of verifice from any charge, and that of the United States might at a fair and reasonable price.

The progress of events since the commencement of your last as said has above how soon difficulties disappear before a lim and electrimated resolution. At that time such a road was decimed by wise and patrotic men to be a viginancy project.

The progress of events since the commencement of your last action has above how soon difficulties disappear before a tirm and determined resolution. At that time such a road was deepned by wise and patriotic men to be a visionary project. The great dottaine to be overcome, and the intervening mountains, and deserts in the way, were obstacles which, in the opinion of many, could not be surmounted. Now, after the lapse of but a single year, these obstacles, it has been discovered, are far less formidable than they were supposed to be; and mail stages, with passengers, now pass and repass reguly twice in each week, by a common wagon road, between san Francisco and St. Louis and Hemples, in less than twenty-five days. The service has been as regularly performed as it was in former years between New York and this city.

San Francisco and St. Louis and Memphis, in less than twenty-five days. The service has been as regularly performed as it was in turner years between New York and this city.

Whilst disclaiming all authority to appropriate money for the construction of this read, except that derived from the war making power of the constitution, there are important collateral considerations urging us to undertake the work as speedily at possible.

The first and meet monomotous of these is, that such a read would be a powerful bond of union between the states cast and west of the Rocky Mountains. This is so self-orients as to require to illustration.

But ugain, in a commercial point of view I consider this the great question of the day. With the eastern front of our republic stretching along the Atlantic, and its western front along the Parishe, if all the parts should be united by a safe, easy, and rapid intercommunication, we could necessarily commissed a very large proportion of the trade with of Europe and Asia. Our recent treaties with China and Jayan will open those rich and populson disposed to our commerce; and the history of the world proves that the nation which has gained possession of the trade with Eastern Asia has always become wealthy and powerful. The possiblar geographical position of California and our Frache possessions invites American capital and enterprise into this fruidfail field. To reap the rich historyal, however, it is an indisponsable pre-requisite that we shall first have a railroad to convey and cerealize the rodom the bind of the travel and the rich e of all mitions passing between Europe and Asia.

On the 21st of August last, Leest J. N. Mallit, of the United States brig Dolphin, captured the slaver Editor, for merly the Putana, of New Orleans, lear Kay Vorde, on the coast of Caba, with more than three hundred African negroes on board. The prise, under the engrees, three landered and six in number, were delivered in board the United States Navy, arrived at Charleston on the 27th of August, when

provide for the payment of this estimated dedicinery, be made by congress, not estimated for in the record of the Fressory Payment, as well as to provide for the gradial recompton, from years to year, of the constant, and the properties of the present set of the present set of the present set of the present set of the process of the slave trade of ments such a revision of the present set of the process of the slave trade of ments such a revision of the present set of the process of the slave trade of the process of the slave trade of the present set of the process of the slave trade of the present set of the process of the slave trade of the present set of the process of t

The agents of the society manifested a laudable desire to conform to the wishes of the government throughout the transaction. They assured me that after a careful calculation they would be required to expend the gum of one hundred and fifty dollars on each individual, in complying with the agreement, and they would have nothing left to remunerate them for their care, trouble and responsibility. At all ovents, I could make no better arrangement, and there was no other siternative. During the period when the government itself, through its own agents, undertook the task of providing for captured negroes in africa, the cost per head was very much greater. There having been no outstanding appropriations applicable to this purpose, I could not silvance any money on the agreement. I therefore recommend that an appropriation may be made, of the amount necessary to carry it into effect.

Other captures of a similar character may, and probably will, be made by our naval forces; and I carnestly recommend that Congress may amend the second accition of the act of March 3, 1819, so as to free its construction from the ambiguity which has so long existed, and render the duty of the President plan in executing its provisions.

the duty of the President plain in executing its provisions.

I recommend to your favorable regard the local interests of the District of Columbia. As the residence of Congress and the executive departments of the government, we cannot fail to feel a deep concern in its welfare. This is heightened by the high character and the peaceful and orderly conduct of its resident inhabitants. I cannot conclude without performing the agrocable duty of expressing my gratification that Congress so kindly responded to the recommendation of my last annual message by affording me sufficient time before the close of their late session for the examination of all the brile presented to me for approval. This change in the practice of Congress has proved to be a wholesome reform. It exerted a benicial influence on the transaction of legislative business, and clicked the general appropation of the country. It enabled Congress to adjourn with that dignity and deliberation so becoming to the representatives of this great republic, without having crowded into general appropriation bills provisions foreign to their nature, and of doubtful constitutionality and expediency. Let me warmly and strongly commend this proceedency stabilished by themselves, as a guide to their proceedings during the present session.

Maening of the control of the present session.

## OUR FINANCES.

Annual Report of the Secretary of the Treasury on the State of the Finances.
TREASURY DEPARTMENT, Dec. 6, 1868.

"An act supplementary to an act to establish the Treasury Department," approved May 10, 1800, I have the bonor to submit the following report:-

For the quarter ending March 21, 1858— From contones. 5,147,996 69 From rabble lances. 480,996 68 From this cellantons sources. 302,690 78 From Treasury notes issued. 11,687,600 60

and charges of shipment.
To substitute for this rule the principle of home valua-tion would be to add to such value of the merchandine the asurance, cost of transportations, duty levied, and profes

assuance cost of transportations, duty levied, and profus of the importer. It ought to be a sufficient reply to the proposition that some of these elements entering into the home value are not legitimate subjects of taxation. Other and more scrious objections will be considered in another connection. The reason in favor of home valuation which has been pressed with the most cernestness is, that it will protect the revenue from fraud by under valuation. The advocates of the change allege that, under our present system, the government is defranced, by various means, of its legitimate duties upon a large portion of the imports, he proof of this charge a comparison has been instituted between the value of our expects and imports for the last three years, showing that the inspects were less; by a large amount, than the expects.

This difference is charged to under valuation. The remedy proposed is eather home valuation or specific duties.

BEDAY, DECRMBER 7, 1858.

Indeed department of the state of the state

the amount which the legislation of Congress shall make it necessary to raise shall have been ascertained with anything like reasonable certainty, the information can alined in this table will render the work of making such transfers simple and easy.

The public debtor the lat July, 1867, was \$29,069,586 90, as stated in my last report. During the last fiscal year there was paid of that debt the sum of \$3,094,469 24, leaving the sum of \$25,156,977 66 outstanding on the last July, 1885. To this amount must be added the sum of \$10,000,600, negotiated during the present fiscal year, of the loan authorized by act of June 14, 1858. There was issued under the provisions of the act of December 22, 1877, during the last fiscal year, freesury notes to the amount of \$23,716,300, of which there was redoemed, and the department informed thereof, during the same period, \$3,961,560, leaving the sum of \$19,764,800 outstanding on the last July, 1885. In estimating the receipts and expenditures for the prepent and next fiscal year, it is not contemplated to redoem the outstanding treasury notes. As these notes will become due and pay able during the next fiscal year, some provision should be made to next them. I am opposed to the policy of adding this amount to permanent public debt by funding the notes. On the other hand, their entire redemption in one year would call for an increase of the tariff to a point which would render necessary another revision of it in the succeeding year. The true policy is to look in the present revision of the tariff to their gradual redemption, commencing with the next fiscal year. To carry out this policy, Congress should provide for the raising of such amount of revenue as will enable the department to redeem a portion of them, and, at the same time, extend for one year the previous of the acquaint public debt without placing upon the people and the means of the government will not enable us to redeem. By this course we shall gradually discharge thin part of the public debt without placing upon

that the imports were least, by a mage amount, than the capet in.

The effective in charged to under valuation. The remember of the control o